
TOO GOOD TO BE TRUE....

A Column on Consumer Issues

by Attorney General Wayne Stenehjem's
Consumer Protection and Antitrust Division

January 15, 2003

Top Ten Consumer Scams – 2002 – Part 2.

Last week this column explained five of the top ten scams and complaints filed with the Consumer Protection Division by North Dakota consumers in 2002. The remaining five complaints are reviewed below:

6. Home Improvement

The consumer protection division received complaints about home improvement and repair scams involving many areas of the home—from roofing or siding to fencing and paving. Consumers should be particularly cautious of door-to-door contractors offering to make repairs to the home or business. If a person comes to the door offering to do home repairs, ask to see his or her “transient merchant’s license,” required by state law. Before agreeing to have any work done, it is a good idea to get written estimates from several contractors and check their work by contacting local references. Finally, check with the Secretary of State’s Licensing Division to determine if the contractor is licensed. The Licensing Division’s phone number is 701-328-3665 or toll free at 1-800-352-0867.

7. Computer

It is important to do some research before purchasing a computer. While it may be less costly to purchase from a computer magazine or outlet store, consideration should be given to future needs such as tech support and possible repairs. Many computer stores will not do service or repair work on computers unless the computer was purchased from that store.

Internet services also produced consumer complaints, ranging from unexpected costs assessed for long distance connections to problems with making on-line purchases. Before shopping on-line, make sure the company is reputable and remember to check that the site is secure before entering credit card or other financial information.

8. Discount Buying Clubs

Most complaints occurred when consumers accepted what they thought was a credit card offer that turned out to be a discount buying club. Buying clubs are organizations that require a consumer to pay an up-front fee in exchange for the right to purchase goods through the organization. Buying clubs claim to save the consumer money, and in some cases, do, but most buying clubs are carefully crafted ways to lock you into buying goods at

exorbitant prices. In some instances, consumers were scammed again when fraudulent charges were placed on the credit card.

Before joining a buying club, remember that most local discount retailers routinely sell for less than those prices and they don't charge an up-front fee in order to shop from them.

9. Directories

There are several companies that send statements for directory listings or advertisements look like legitimate bills or invoices. Words like "renewal notice" or "amount due" appear on the notices, and these phony bills may be for several hundred dollars. The return address often includes a suite number to give the impression that the firm has a permanent address. However, on closer inspection, the so-called "invoice" usually does not include a phone number to reach the company. The bogus bill may contain warnings that the business will be left out of the directory if the bill is not paid immediately. Phony billing scams are quite prevalent as scam artists try to take advantage of the tremendous volume of paperwork some businesses process. Be sure to read all mail carefully.

10. Credit Repair-Credit Counseling (Debt Management) Services

Consumers should beware of so-called "credit repair" companies that claim they can change or erase negative information from a credit report. If a credit repair company promises it can clean up a credit report, remember the following:

- Credit bureaus can legally report negative credit information for 7 years and bankruptcy information for 10 years, as long as that information is accurate.
- Time is the only thing that will repair a poor credit history.

Protect your credit record before getting bad credit. Pay bills promptly to avoid late fees and stay within the credit limit to avoid over-limit fees. The consumer should notify the credit card company promptly if he or she is having trouble making the monthly payments. If a consumer feels the need to contact a credit counseling or debt management service for help in recovering from financial difficulties, remember that not all credit counseling agencies are equal. Before signing up with a credit counseling service, contact the consumer protection division to make sure the company is bonded.

It is always a good idea to research major purchases and compare product features, performance, price and the reputation of the company before parting with your hard-earned money. A little information before you start out can go a long way toward preventing problems down the road. While the Consumer Protection staff may not give legal advice to consumers who call the office, they can help consumers gather information to make smart consumer decisions.

The Attorney General's Consumer Protection Division investigates allegations of fraud in the marketplace. Investigators also mediate individual complaints against businesses. If you have a consumer problem or question, call the Consumer Protection Division at 328-3404, toll-free at 1-800-472-2600, or 1-800-366-6888 (w/TTY). This article and other consumer information is located on our website at www.ag.state.nd.us.

* * * * *